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E.O. 12958: DECL: 12/10/2014  
TAGS: CH KN KS PGOV PINR PREL RS  
SUBJECT: PRESIDENTIAL CANDIDATE MOON KUK-HYUN FOCUSES ON  
INTERNATIONAL COMPETITIVENESS

REF: A. SEOUL 3058

1B. SEOUL 3225

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b,d).

11. (C) SUMMARY: On November 1 independent presidential candidate Moon Kuk-hyun outlined his platform during breakfast with the Ambassador. Moon's support rate has been hovering just below 10 percent, but he is still optimistic these rates will reach 20 percent by the end of November. Moon's overall goal is to increase Korea's international competitiveness by reducing corruption, improving education, and increasing the productivity of small- and medium-sized businesses. Moon also advocates strengthening the U.S.-ROK alliance diplomatically -- he supports the KORUS FTA -- and militarily, since Moon sees a looming China threat. Nevertheless, improving relations with North Korea is the key to reducing Chinese influence and fostering economic development in Northeast Asia. Moon's policies put him to the right of United New Democratic Party (UNDP) candidate Chung Dong-young, but Moon has a long, probably impossible, climb in the polls before he garners enough support to emerge as the progressive party candidate. END SUMMARY.

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The Creative Korea Party  
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12. (C) Moon Kuk-hyun, who officially launched his Creative Korea Party (CKP) on October 30, told the Ambassador he is optimistic his support rates -- now at about 8 percent -- would climb to 20 percent in November. Moon adviser Eugene Yun (protect) said the mainstream conservative media has largely ignored Moon. Thus far most support for him is a result of internet news sources. However, Moon was scheduled for an interview that day on MBC. Moon seemed hopeful that other television stations would follow suit.

13. (C) Moon said he anticipated some difficulty in attracting politicians from other parties to join CKP, but was doubtful that having more politicians in the party would make a significant difference. The party's goal is to differentiate itself from the UNDP, not look like an extension of it. Moon also claimed the UNDP's unpopularity had eroded its power -- even with 144 legislators, their candidate only had a 5 percentage point lead over Moon (NOTE:

Chung's lead is actually almost 10 percentage points).

¶4. (C) Moon said it will be easy for the progressives to unite behind a single candidate because Lee Myung-bak's popularity will decrease in the coming weeks, giving a single progressive candidate a chance at winning the presidency. The real question is how the progressives should decide on this single candidate -- by picking the candidate with the highest polling numbers or through another primary election. This is a decision that will be made in the coming weeks.

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Increasing International Competitiveness  
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¶5. (C) One of Moon's pledges is to increase Korea's international competitiveness. Korea currently is ranked 11 in competitiveness by the World Economic Forum (WEF) up from 23 just last year. (NOTE: The Geneva-based WEF releases the rankings in its annual "Global Competitiveness Report," which analyzes countries' competitiveness in 113 categories.) Moon's goal is to increase competitiveness and get Korea to rank 5th through increased transparency, reduced corruption, and more collaboration with neighboring countries.

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"Corruption is the Enemy of Democracy"  
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¶6. (C) On December 19, Korea will choose between a society with more corruption or one with less, according to Moon. If they choose the latter (i.e., voting for Moon), on December 20 Korea could be "reborn" into a corruption-free society. Decreasing corruption as well as improving Korea's credit rating would help foster more foreign direct investment,

especially from the United States. Corruption is the enemy of democracy, Moon said, and occurs when society is too closed; opening to the world is the only way to overcome crony capitalism and nepotism.

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Corruption "Dooms" Lee Myung-bak  
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¶7. (C) Grand National Party (GNP) candidate Lee Myung-bak is "doomed to fail" because of corruption. Yun said people are gradually changing their minds and now think Korea is being hurt by this corruption. Interestingly, Yun was not sure that Kim Kyung-joon's return to Korea will precipitate Lee's downfall (reftel b). Kim is a crook and a liar, and is open to the highest bidder. Consequently, Kim could conceivably come back and defend Lee. Moon wagers that it will actually be a combination of factors that bring Lee down. His approval ratings have already dropped from 65 percent to around 50 percent. Once he goes below the 50 percent "tipping point," his ratings will easily slide to 35 percent. Moon said Lee's support is soft because it hinges on the public's disapproval of the current administration, not on agreement with his policy proposals.

¶8. (C) Meanwhile, Lee has launched a negative campaign against Moon, alleging Moon received USD 6 million in stock options the day before he left Kimberly-Yuhan. Moon said this was ridiculous; the company had no reason to give him a bonus because he was leaving the company and, furthermore, all stock options are distributed at the annual meeting. Moon sued Lee over the matter.

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Bring in the Beef  
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¶9. (C) Moon argued there is no danger in importing American beef. He said he often points out to people that no one in America has mad cow disease, so there is no cause for concern. The United States should emphasize that its beef industry is competing with Australian beef and not Korean

beef. Moon asserted that raising livestock in Korea is not good for the environment. The cattle industry sprang up a mere 30 years ago due to a presidential decision that Korea should develop the domestic beef industry. At that time, Samsung bought cattle and donated them to local farmers and an industry was born. This is not an indigenous industry, is not sustainable, and results in environmental degradation and water pollution. This is one of many points that, if communicated to the public, would argue in favor of U.S. beef imports.

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Korea Needs the U.S. Alliance  
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¶10. (C) Moon said Korea needs to strengthen both diplomatic and military relations with the United States. He repeated earlier comments (reftel a) that, if a large country like the United States needed allies to ensure its security, allies are even more important to a small country like Korea. The best allies, Moon said, are those far away because neighbors can sometimes be a security threat. Because of its capability and distance, the United States is in the best position to protect Korean interests. Moon said even if North Korea disarms, South Korea would still need U.S. troops on the peninsula.

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Looming China Threat  
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¶11. (C) Moon told the Ambassador that South Korea and the United States should work in concert to improve relations with the North, an imperative given that China is increasingly becoming a threat economically and militarily. Moon said the only problem with the Six-Party Talks is that they have forced North Korea to be overly reliant on China -- a very dangerous situation because of China's historical influence in the region. Moon said we need to draw North Korea away from China by improving North Korean-U.S.

relations and North-South relations. Releasing North Korea from China's hold might also improve South Korea's relationship with Russia, he added.

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Regional Economic Development  
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¶12. (C) Korea should take advantage of Russian and North Korean resources, Japanese technology and capital, and American entrepreneurialism in developing the economy of Northeast Asia. In his June meeting with President Putin, Moon said the Russian leader lamented the lack of Korean investment in the Russian Far East. Russia is especially receptive to investment in Vladivostok because of the planned 2012 APEC meetings there. Moon said the priority for Korean

companies should be the North Korean border area and the southern tip of Russia. Korean construction companies in particular should focus their efforts on Russia instead of building a canal in South Korea that 81 percent of the people do not want, a reference to Lee Myung-bak's much-criticized proposal to build a canal from Seoul to Busan.

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Comment  
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¶14. (C) Moon's positions are generally more centrist than UNDP candidate Chung Dong-young's, which often focus more on the redistribution of wealth than on growing the economy. Nevertheless, Moon is receiving much more support than Chung from center-left NGOs, especially the environmental lobby. No one outside his immediate circle believes Moon has a shot at the Blue House this time around. Still, he is not likely to throw in the towel easily either, because he sees the upcoming election as an opportunity to establish himself as a

legitimate player in the South Korean political scene.  
VERSHBOW